

108TH CONGRESS  
2D SESSION

# H. R. 4634

To extend the terrorism insurance program of the Department of the Treasury.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 22, 2004

Mr. SESSIONS (for himself, Mr. BAKER, Mrs. KELLY, Mr. CANTOR, and Ms. PRYCE of Ohio) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To extend the terrorism insurance program of the Department of the Treasury.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Terrorism Insurance  
5       Backstop Extension Act of 2004”.

6       **SEC. 2. EXTENSION OF TERRORISM INSURANCE PROGRAM.**

7       (a) PROGRAM YEARS 4 AND 5.—Paragraph (11) of  
8       section 102 of the Terrorism Risk Insurance Act of 2002  
9       (15 U.S.C. 6701 note) is amended by adding at the end  
10      the following new subparagraphs:

1           “(E) PROGRAM YEAR 4.—The term ‘Pro-  
2           gram Year 4’ means the period beginning on  
3           January 1, 2006 and ending on December 31,  
4           2006.

5           “(F) PROGRAM YEAR 5.—The term ‘Pro-  
6           gram Year 5’ means the period beginning on  
7           January 1, 2007 and ending on December 31,  
8           2007.”.

9           (b) INSURER DEDUCTIBLE.—Paragraph (7) of sec-  
10          tion 102 of the Terrorism Risk Insurance Act of 2002 (15  
11          U.S.C. 6701 note) is amended—

12           (1) by redesignating subparagraph (E) as sub-  
13          paragraph (G);

14           (2) in subparagraph (D), by striking “and” at  
15          the end;

16           (3) by inserting after subparagraph (D) the fol-  
17          lowing new subparagraphs:

18           “(E) for Program Year 4, the value of an  
19           insurer’s direct earned premiums over the cal-  
20           endar year immediately preceding Program  
21           Year 4, multiplied by 15 percent;

22           “(F) for Program Year 5, the value of an  
23           insurer’s direct earned premiums over the cal-  
24           endar year immediately preceding Program  
25           Year 4, multiplied by 20 percent; and”;

1 (4) in subparagraph (G) (as so redesignated by  
2 paragraph (1) of this subsection)—

3 (A) by striking “(D)” and inserting “(F)”;

4 and

5 (B) by striking “or Program Year 3” and  
6 inserting “Program Year 3, Program Year 4, or  
7 Program Year 5”.

8 (c) MANDATORY AVAILABILITY.—Subsection (c) of  
9 section 103 of the Terrorism Risk Insurance Act of 2002  
10 (15 U.S.C. 6701 note) is amended—

11 (1) by striking all of the matter that precedes  
12 subparagraph (A) of paragraph (1) and inserting the  
13 following:

14 “(c) MANDATORY AVAILABILITY.—During the Pro-  
15 gram, each entity that meets the definition of an insurer  
16 under section 102—”;

17 (2) by striking paragraph (2); and

18 (3) by redesignating subparagraphs (A) and  
19 (B) as paragraphs (1) and (2) and realigning such  
20 paragraphs, as so redesignated, so as to be indented  
21 2 ems from the left margin.

22 (d) INSURED LOSS SHARED COMPENSATION.—Sub-  
23 section (e) of section 103 of the Terrorism Risk Insurance  
24 Act of 2002 (15 U.S.C. 6701 note) is amended—

1           (1) in paragraph (2)(A), by striking “or Pro-  
2           gram Year 3” and inserting “, Program Year 3,  
3           Program Year 4, or Program Year 5”;

4           (2) in paragraph (3), by striking “or Program  
5           Year 3” and inserting “, Program Year 3, Program  
6           Year 4, or Program Year 5”;

7           (3) in paragraph (6)—

8                 (A) in subparagraph (B), by striking  
9                 “and” at the end;

10                (B) in subparagraph (C) by striking the  
11                period at the end and inserting a semicolon;  
12                and

13                (C) by adding at the end the following new  
14                subparagraphs:

15                         “(D) for Program Year 4, the lesser of—

16                                 “(i) \$17,500,000,000; and

17                                 “(ii) the aggregate amount, for all in-  
18                                 surers, of insured losses during such Pro-  
19                                 gram Year; and

20                         “(E) for Program Year 5, the lesser of—

21                                 “(i) \$20,000,000,000; and

22                                 “(ii) the aggregate amount, for all in-  
23                                 surers, of insured losses during such Pro-  
24                                 gram Year.”; and

25           (4) in paragraph (7)—

1 (A) in subparagraph (A), by striking “and  
2 (C)” and inserting “(C), (D), and (E)”; and

3 (B) in subparagraphs (B) and (C), by  
4 striking “or (C)” each place such term appears  
5 and inserting “(C), (D), or (E)”.

6 (e) GROUP LIFE INSURANCE DETERMINATION.—

7 Subsection (h) of section 103 of the Terrorism Risk Insur-  
8 ance Act of 2002 (15 U.S.C. 6701 note) is amended—

9 (1) in paragraph (2)(B), by striking “the study  
10 under paragraph (1)” and inserting “paragraphs (1)  
11 and (2)”; and

12 (2) by redesignating paragraph (2) as para-  
13 graph (3); and

14 (3) by inserting after paragraph (1) the fol-  
15 lowing new paragraph:

16 “(2) DETERMINATION.—By June 1, 2005, the  
17 Secretary shall—

18 “(A) submit a report to the Congress on  
19 conditions and developments in the market for  
20 group life insurance since the determination  
21 that was announced by the Secretary on August  
22 15, 2003, and made pursuant to this subsection  
23 (as in effect on such date); and

24 “(B) make a final determination as to the  
25 availability of group life insurance to both in-

1           surers and consumers and whether the provi-  
2           sions of this title shall be applied, pursuant to  
3           paragraph (3), to providers of group life insur-  
4           ance.”.

5           (f) STUDY ON LONG-TERM SOLUTIONS.—Section  
6 103 of the Terrorism Risk Insurance Act of 2002 (15  
7 U.S.C. 6701 note) is amended by striking subsection (i)  
8 and inserting the following new subsection:

9           “(i) STUDY ON LONG-TERM SOLUTIONS.—By June  
10 1, 2005, the Secretary shall conduct a study and submit  
11 a report to the Congress on alternatives for expanding the  
12 availability and affordability of terrorism insurance after  
13 the termination of the Program that do not involve a Fed-  
14 eral financial backstop.”.

15           (g) TERMINATION OF PROGRAM.—Subsection (a) of  
16 section 108 of the Terrorism Risk Insurance Act of 2002  
17 (15 U.S.C. 6701 note) is amended by striking “December  
18 31, 2005” and inserting “December 31, 2007”.

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